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DEPARTMENT OF COMMERCE

International Trade Administration

C-580-879

Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of certain corrosion-resistant steel products (corrosion-resistant steel) from the Republic of Korea (Korea) as provided in section 705 of the Tariff Act of 1930, as amended (the Act). For information on the estimated subsidy rates, *see* the “Final Determination” section of this notice. The period of investigation is January 1, 2014, through December 31, 2014.

DATES: Effective Date: (Insert date of publication in the *Federal Register*.)

FOR FURTHER INFORMATION CONTACT: Myrna Lobo or Jun Jack Zhao, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-2371 or (202) 482-1396, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the *Preliminary Determination* on November 6, 2015.¹ A summary of the events that occurred since the Department published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Final Decision Memorandum.² The Final Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Final Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Final Decision Memorandum and the electronic version are identical in content.

Scope Comments

In accordance with the Preliminary Scope Determination,³ the Department set aside a period of time for parties to address scope issues in case briefs or other written comments on scope issues.

¹ See *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea: Preliminary Affirmative Determination*, 80 FR 68842 (November 6, 2015) (*Preliminary Determination*).

² See Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from the Republic of Korea," (Final Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

³ See Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Certain Corrosion-Resistant Steel Products From the People's Republic of China, India, Italy, the Republic of Korea, and Taiwan: Scope Comments Decision Memorandum for the Preliminary Determinations," dated December 21, 2015 (Preliminary Scope Decision Memorandum). See also Memorandum to the File, "Certain Corrosion-Resistant Steel Products From the People's Republic of China, India, Italy, the Republic of Korea, and Taiwan: Correction to Preliminary Determination Scope Memorandum," January 29, 2016.

For a summary of the product coverage comments and rebuttal responses submitted to the record of this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum.⁴ The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

Scope of the Investigation

The product covered by this investigation is corrosion-resistant steel from the Korea. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Final Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Final Decision Memorandum, is attached to this notice at Appendix I.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections presented at verification, we made certain changes to the respondents’ subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, *see* the Final Decision Memorandum.⁵

Final Affirmative Determination of Critical Circumstances, in Part

Prior to the *Preliminary Determination*, the Department preliminarily found that critical circumstances exist with respect to imports of corrosion-resistant steel from Korea for all other

⁴ *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Scope Comments Decision Memorandum for the Final Determinations,” dated concurrently with this notice.

⁵ *See* Final Decision Memorandum.

companies, excepting mandatory respondents Union Steel Manufacturing Co. Ltd./Dongkuk Steel Mill Co., Ltd. (Union/Dongkuk) and Dongbu Steel Co., Ltd./Dongbu Incheon Steel Co., Ltd. (Dongbu).⁶ Upon further analysis of the data following the *Preliminary Determination*, we are not modifying our findings for the *Final Determination*.⁷ Specifically, in accordance with section 705(a)(2) of the Act, we continue to find that critical circumstances exist with respect to imports from all other producers or exporters, but do not exist for Union/Dongkuk and Dongbu.

Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a rate for Union/Dongkuk and Dongbu, the two exporters/producers of subject merchandise selected for individual examination in this investigation.

In accordance with sections 705(c)(1)(B)(i)(I) and 705(c)(5)(A) of the Act, for companies not individually investigated, we apply an “all-others” rate, which is normally calculated by weighting the subsidy rates of the individual companies selected as respondents with those companies’ export sales of the subject merchandise to the United States. Under section 705(c)(5)(A)(i) of the Act, the all-others rate should exclude zero and *de minimis* rates calculated for the exporters and producers individually investigated, and any rates determined entirely under section 776 of the Act. We therefore have excluded the rate for Union/Dongkuk from the all-others rate.

Because the only individually calculated rate that is not zero, *de minimis*, or based on facts otherwise available is the rate calculated for Dongbu, in accordance with section

⁶ See *Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products From India, Italy, the People’s Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015). Dongbu Incheon Steel Co., Ltd. (Dongbu Incheon) is not listed in this notice; however, we preliminarily determined that Dongbu Incheon is a wholly-owned subsidiary of Dongbu Steel Co., Ltd. and calculated a single countervailing duty rate for both companies. Thus, we stated that the suspension of liquidation for both companies would begin on the date of publication of the *Preliminary Determination*. See *Preliminary Determination*, 80 FR at 68842.

⁷ For a full description of the methodology and results of our analysis, see the Final Decision Memorandum.

705(c)(5)(A)(i) of the Act, the rate calculated for Dongbu is assigned as the “all-others” rate.

The estimated countervailable subsidy rates are as follows:

Company	Subsidy Rate
Union Steel Manufacturing Co. Ltd./Dongkuk Steel Mill Co., Ltd.	0.72 percent (<i>de minimis</i>)
Dongbu Steel Co., Ltd./Dongbu Incheon Steel Co., Ltd.	1.19 percent
All-Others	1.19 percent

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from Korea, other than subject merchandise produced/exported by Union/Dongkuk which received a *de minimis* countervailable subsidy rate in the *Preliminary Determination*.

Pursuant to section 703(d) of the Act, we subsequently instructed CBP to suspend liquidation of all entries of merchandise under consideration from Korea, with the exception of Union/Dongkuk, that were entered or withdrawn from warehouse, for consumption, on or after August 8, 2015 (for those entities for which we found critical circumstances exist) or on or after November 6, 2015, the date of publication of the *Preliminary Determination* in the *Federal Register* (for those entities for which we did not find critical circumstances exist). In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after March 4, 2016, but to continue the suspension of liquidation of all entries from August 8, 2015, or November 6, 2015, as the case may be, through March 3, 2016.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above that are not *de minimis*. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding Administrative Protective Orders

In the event the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: May 24, 2016.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

Appendix I

List of Topics Discussed in the Final Decision Memorandum

- I. Summary
- II. Background
- III. Final Determination of Critical Circumstances, in Part
- IV. Scope of the Investigation
- V. Subsidies Valuation Information
- VI. Benchmarks and Discount Rates
- VII. Analysis of Programs
- VIII. Analysis of Comments

Comment 1: Whether the Department Should Find the Provision of Electricity for Less Than Adequate Remuneration (LTAR) Countervailable Based on Adverse Facts Available

Comment 2: Whether the Provision of Electricity provides a Benefit

Comment 3: Whether the Department Should Use Other Submitted Data to Measure the Adequacy of Remuneration for Electricity

Comment 4: Whether Benefits Received from Dongbu's Voluntary Debt Restructuring are Countervailable

Comment 5: Whether Benefits Should be Calculated for Loans and Bonds Which Were Issued to Dongbu by GOK-Owned Banks Prior to Its Voluntary Restructuring

Comment 6: Whether Dongbu was Creditworthy in 2014 and Whether the Department Should Recalculate Benefits Using Creditworthy Benchmarks

Comment 7: Whether Nonghyup Bank is an "Authority" and Loans Received from Nonghyup Bank are Countervailable

Comment 8: Whether the Department Should Find That the Provision of Natural Gas for LTAR is Countervailable

IX. Recommendation

Appendix II

Scope of the Investigation

The products covered by this investigation are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a width of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or

- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (“IF”)) steels and high strength low alloy (“HSLA”) steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Furthermore, this scope also includes Advanced High Strength Steels (“AHSS”) and Ultra High Strength Steels (“UHSS”), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching and/or slitting or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope corrosion resistant steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;
- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and
- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000,

7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the investigation may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500, 7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.
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